

Adult Disability Service System Redesign Senate File 525

*As amended by S-3335 (House amendment)
(Strike everything after the enacting clause)*

Last Action:

House Floor

May 10, 2011

Executive Summary Only

An Act relating to reforming state and county responsibilities for adult disability services, making appropriations, and including effective date provisions.

**Fiscal Services Division
Legislative Services Agency**

NOTES ON BILLS AND AMENDMENTS (NOBA)

Available on line at <http://www3.legis.state.ia.us/noba/index.jsp>

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EXECUTIVE SUMMARY NOTES ON BILLS AND AMENDMENTS

SENATE FILE 525 AS AMENDED BY S-3335 ADULT DISABILITY SERVICE SYSTEM REDESIGN

BILL SUMMARY DIVISIONS I AND II

Senate File 525 sets a framework to redesign the Adult Disability Service System. The System includes persons with mental illness, intellectual disabilities, or developmental disabilities. The Bill specifies legislative intent to implement the following:

- Shift funding responsibility for the nonfederal share of Medicaid from the counties to the State.
- Reorganize the System to be administered by counties on a regional basis in a manner that provides multiple points of access in the region for both Medicaid and non-Medicaid-funded services.
- Replace legal settlement as the basis for determining financial responsibility for Adult Disability Services with a determination based on residency.

The Bill requests the Legislative Council authorize an interim committee on Mental Health and Disability Services for the 2011 legislative interim. The Committee is to make recommendations for core disability services, address property tax issues, examine funding commitments for the redesigned service system, examine requirements for mental health professionals engaged in the involuntary commitment process under Code Chapter 229, propose legislation to change Code references from the term “mental retardation” to “intellectual disability,” and consider issues posed by the July 1, 2013, repeal of the county disability services administration and funding provisions.

The Department of Human Services (DHS) is required to design a workgroup process to support the work of the interim committee for Mental Health and Disability Services and make recommendations on eligibility criteria, Medicaid and non-Medicaid core services, outcome and quality measures, provider accreditation, and regional service plans. The DHS workgroups are also tasked with the following:

- Incorporating strategies to allow individuals to receive services in accordance with the Olmstead principles.
- Continuing the DHS leadership role in the Medicaid Program in defining services covered, establishing reimbursement methodologies, and engaging in federal options for program enhancements that are beneficial to consumers and the state such as medical or behavioral health homes.
- Implementing mental health crisis response services statewide in a manner determined to be most appropriate by each region.
- Reviewing best practices and programs utilized by other states in identifying new approaches for addressing the needs for publicly-funded services for persons with brain injury.
- Developing a proposal for addressing service provider shortages.
- Developing a proposal for service providers addressing co-occurring mental health, intellectual disability, brain injury, and substance abuse disorders.
- Developing a proposal for redesign of publicly-funded children’s disability services, including the needs of children placed out-of-state due to the lack of treatment services in Iowa.

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**SENATE FILE 525 AS AMENDED BY S-3335
ADULT DISABILITY SERVICE SYSTEM REDESIGN**

DIVISIONS I AND II (CONTINUED)

- Developing a proposal for adult disability services not paid for by the Medicaid program to be administered on a regional basis in a manner that provides multiple local points of access for consumers needing adult disability services, regardless of the funding sources for the services.

The Bill continues the Judicial Branch and DHS workgroup to continue improving the involuntary commitment process for substance abuse and serious mental illness.

The Bill directs the DHS, the Department of Public Health, and the Community Services Network hosted by the Iowa State Association of Counties to develop a plan to for an integrated data and statistical information system for Mental Health, Disability Services, and Substance Abuse Services.

The target date for full implementation of the plan is July 1, 2013, subject to available funding.

DIVISION III

Division III makes changes to the Code Sections related to Psychiatric Medical Institutions for Children (PMICs) including adding Advanced Registered Nurse Practitioners or a Psychiatric Assistant to the team of professionals caring for children in a PMIC and allowing PMICs to expand beds for nonresident children.

The Division also creates a PMIC transition committee to develop a plan to transition PMIC reimbursement Medicaid to the Iowa Plan managed care provider.

DIVISION IV

Division IV revises statutory language relating to the licensing and accreditation of Community Mental Health Centers.

DIVISION V

Division V relates to substance abuse and changes the terms “chemical dependency,” “chronic substance abuser,” and “substance abuser,” to “person with a substance-related disorder.”

APPROPRIATION

Senate File 525 makes a \$250,000 FY 2011 supplemental General Fund appropriation to the DHS for planning costs associated with implementation of System redesign. Nonreversion of this appropriation is provided through FY 2012.

FISCAL IMPACT

The fiscal impact of this Bill cannot be determined because there is not enough detail on core services, populations that will be served, transition dates for Medicaid, and new services. A summary of potential fiscal impacts by category includes the following:

FISCAL IMPACT – MEDICAID: County-funded Medicaid costs are projected to increase from an estimated \$156.5 million in FY 2011 to an estimated \$214.1 million in FY 2012. The increase in cost is mainly due to one-time American Recovery and Reinvestment Act (ARRA) Federal Medical Assistance Percentage (FMAP) match savings expiring at the end of FY 2011 and a declining regular FMAP rate as Iowa does better economically compared to the rest of the country. Regardless of any changes in this Bill, because

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FISCAL IMPACT (CONTINUED)

county revenue sources are capped, the State will need to assume the increased Medicaid costs to avoid disability services waiting lists and reductions in non-Medicaid-funded services. It is estimated that counties will have \$41.8 million in fund balances to help offset increased Medicaid costs in FY 2012. Although no date is set in the Bill for the State to assume funding of Medicaid expenditures, if the State were to assume Medicaid costs beginning in FY 2013 the estimated need would be \$226.7 million. When compared to the FY 2011 Allowed Growth, Property Tax Relief, and Community Services appropriations of \$145.3 million the State will retain under this Bill to pay for those services, the State will need an additional \$81.4 million in FY 2013 to fully fund Medicaid.

FISCAL IMPACT – NON-MEDICAID: Counties, on a regional basis, will continue to fund all non-Medicaid disability services under this Bill. In FY 2011 it is estimated counties will spend \$156.5 million on non-Medicaid services. There has been no determination of the funding sources that regions will use to provide these services.

FISCAL IMPACT – NEW SERVICES: The DHS is required to meet with a stakeholder groups to assist in developing core services, determining eligibility criteria for individuals to be served, implementing emergency crisis response services statewide, implementing a sub-acute level of care, and determining provision of brain injury services. The fiscal impact for these items cannot be determined without more information on the scope and population they would be provided to. These items will all be presented to the General Assembly as part of an implementation plan for consideration during the 2012 Legislative Session.